

Message Text

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ACTION EUR-12

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SUBJ LITTON SUB'S FURNITURE DEAL WITH CUBA

REF OTTAWA 4177

1. BOTH GLOBE AND MAIL AND GAZETTE OF DECEMBER 31 CARRY FRONT PAGE ARTICLES HEADLINING DECISION BY LITTON INDUSTRIES TO APPLY FORMALLY TO USG FOR PERMISSION TO COMPLETE SALE OF \$500,000 OF OFFICE FURNITURE TO CUBA. GAZETTE SAYS APPLICATION MAY BE SUBMITTED THIS WEEK.

2. GLOBE AND MAIL ARTICLE STATES "REJECTION BY WASHINGTON WOULD PUT TO THE TEST CANADIAN GOVERNMENT INSISTENCE THAT THE DEAL GO THROUGH. TRADE MINISTER ALASTAIR GILLESPIE SAID IN OTTAWA THAT HE IS OPTIMISTIC ABOUT U.S. APPROVAL AND U.S. GOVERNMENT SOURCES IN WASHINGTON INDICATED THERE IS CONSIDERABLE SYMPATHY FOR THE CANADIAN POSITION." ARTICLE QUOTES EMERSON BROWN OF STATE DEPARTMENT: "IT IS OUR POSITION THAT NO FORMAL APPLICATION FOR ANYTHING IS BEFORE THE U.S. GOVERNMENT. THAT BEING THE CASE THERE IS NOTHING FOR US TO DO." IT NOTES THAT APPLICATIONS

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ARE SUBJECT TO FOREIGN POLICY CONSIDERATIONS AND

QUOTES BROWN FURTHER: "IN THIS TYPE OF CASE ITS
A JUDGMENT CALL, AND WE HAVE NOTED THE CANADIAN
REPRESENTATIONS."

3. GLOBE AND MAIL ALSO RAISES QUESTION WHETHER
OTHER U.S. COMPANIES HAVE BLOCKED SALES BY CANADIAN
SUBSIDIARIES WITHOUT PUBLIC ATTENTION BUT SAYS
GILLESPIE AND SENIOR IT&C OFFICIALS SAY THEY KNOW OF
NO SIMILAR CASE. GILLESPIE IS QUOTED: "BUT IT ISN'T
SOMETHING THAT WOULD NORMALLY COME TO OUR ATTENTION...
SO LONG AS THE CUBAN ASSETS REGULATIONS REMAIN IN
THEIR PRESENT FORM AND ARE INTERPRETED AS THEY
HAVE BEEN IN THE PAST, I SHALL BE VERY CONCERNED....
THEY COULD INHIBIT THE INTEREST OF CANADIAN SUBSIDIARIES
IN THE CUBAN MARKET I AM STILL SURPRISED BY THE
INSENSITIVITY OR IGNORANCE THE U.S. DIRECTORS OF LITTON HAVE
SHOWN IN THIS SITUATION."

4. GAZETTE SAYS U.S. TREASURY OFFICIAL POINTED OUT
THAT NOT TOO MANY APPLICATIONS ARE RECEIVED AND THIS
ONE "WOULD LIKELY BE DEALT, PERHAPS
WITHIN 30 DAYS."

5. GAZETTE ALSO REPORTS CUBAN TRADE COMMISSIONER NOA
IN MONTREAL EXPRESSED PLEASURE AT LITTON MOVE AND
REVEALED THAT COLE HAD "SHIPPED 'A SMALL QUANTITY'
OF OFFICE EQUIPMENT TO CUBA LAST YEAR, MAINLY CHAIRS
AND DESKS, AND THERE HAD BEEN NO DIFFICULTIES WITH
THE U.S." NOA SAID PRESENT DEAL CALLS FOR HALF
OF MERCHANDISE TO BE SHIPPED BY END OF MARCH BUT
DOUBTED THAT DEAL WOULD BE TERMINATED BECAUSE OF
DELAYS CAUSED BY U.S. INTERVENTION. NOA ALSO
"DISCLOSED THAT SEVERAL ATTEMPTS BY CUBA TO PURCHASE
TYPEWRITERS AND SPARE PARTS FROM IBM, BEGINNING 18
MONTHS AGO, HAD BEEN TURNED DOWN BY THAT COMPANY'S
CANADIAN HEAD OFFICE IN TORONTO." ARTICLE SAYS
IBM OFFICIALS COULD NOT BE REACHED FOR COMMENT.

6. GAZETTE, IN DESCRIBING BACKGROUND OF CASE SAYS
FIRST APPROACH FOR PURCHASE OF OFFICE EQUIPMENT CAME
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THREE MONTHS AGO THROUGH CANADIAN EMBASSY HAVANA.
COLE REPS THEN MET WITH NOA IN MONTREAL AND
A MONTH AGO COLE PRESIDENT PHILLIPS AND MARKETING
MANAGER HARRY TOLEDANO SPENT FOUR DAYS IN HAVANA.
"WHETHER A CONTRACT WAS SIGNED IS IN DOUBT. PHILLIPS
CLAIMS THAT A FIRM AGREEMENT WAS REACHED BEFORE HE
AND TOLEDANO LEFT CUBA, BUT THAT NOTHING WAS SIGNED.
NOA, THE CUBAN OFFICIAL IN MONTREAL, AYS THAT A

SIGNED CONTRACT DOES EXIST." ARTICLE, REFERRING TO
POSSIBLE PROBLEM FOR PHILLIPS WITH HIS PRENT
COMPANY, QUOTES PHILLIPS: "I DIDN'T BRING THIS
THING TO A HEAD - CUBA DID. THE CUBAN GOVERNMENT
COMPLAINED TO THE CANADIAN EMBASSY IN HAVANA WHEN
THE SALE WAS STOPPED."
PORTER

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